

Memorandum

To: Commissioner James D. Boyd, Presiding Member
Commissioner, John L. Geesman, Associate Member

Date: June 4, 2004
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File: 04-AFC-01

From: **California Energy Commission** - Bill Pfanner
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Subject: **ISSUES IDENTIFICATION REPORT FOR THE SAN FRANCISCO ELECTRIC
RELIABILITY PROJECT (04-AFC-01)**

Attached is the Energy Commission staff's Issues Identification Report for the San Francisco Electric Reliability Project (SFERP). Although this report may not include all the significant issues that arise during the case, it serves as a preliminary scoping document of the issues staff believes will require careful attention and consideration. Additionally, we have reviewed information from the City and County of San Francisco's community outreach efforts, and have included what we understand to be major concerns of the community. Staff will also be conducting issue scoping sessions with representatives of local community groups the week of June 9th to further understand community concerns. We will be prepared to present the Issues Identification Report at the Informational Hearing on June 15, 2004.

Attachment

cc: Docket (04-AFC-1)
Proof of Service List

ISSUES IDENTIFICATION REPORT
SAN FRANCISCO ELECTRIC RELIABILITY PROJECT
(04-AFC-01)

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PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. Issues are identified as a result of discussions with federal, state, and local agencies, the applicant, community groups, and review of the San Francisco Electric Reliability Project (SFERP) Application for Certification. This Issues Identification Report contains a project description, summary of potentially significant environmental issues, public comments received, and a discussion of the proposed project schedule. The staff will address the status of potential issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

The SFERP would consist of a nominal 145 megawatt (MW) simple-cycle plant, using three natural gas-fired LM 6000 gas turbines and associated infrastructure. The project site is located adjacent to the San Francisco Bay in the Potrero District of San Francisco, within the existing site for the Potrero Power Plant, formerly owned by PG&E and now owned and operated by Mirant Potrero, LLC. The SFERP will be located on a 4.5-acre portion of the previously proposed Mirant Unit 7 site.

FUEL

Natural gas for the facility would be delivered through a new 250-foot-long, 12 inch diameter (or less) pipeline that would connect to PG&E's San Francisco Load Center, which is located on the western portion of the PG&E Potrero Substation.

WATER

The project would use treated waste water for the plants cooling system. The proposed onsite treatment system would be designed to produce Title 22 quality recycled water.

The City would provide combined sanitary effluent from a new water pumping station (WPS) to the SFERP for onsite treatment. A one mile long pipeline would connect the WPS and the SFERP's onsite treatment system, located on the southern portion of the project site adjacent to 23rd Street. The mile-long pipeline consists of two parts. Approximately 1,300 feet of the pipeline would be installed within an existing collection box. The remaining portion would be new construction.

Plant wastewater would be discharged into the City's sewer system and routed to the City of San Francisco Southeast Water Pollution Control Plant (SEWPCP). Stormwater would be collected onsite during operations and directed into the sewer system.

DISTRIBUTION

A new overhead approximately 500 foot long transmission line would interconnect the SFERP with PG&E's existing 115 kV Potrero Substation located adjacent to the project site's western boundary.

SCHEDULE

Construction of the generating facility—from demolition (if applicable), site preparation and grading, to commercial operation—is expected to take approximately 12 to 14 months, with full operation anticipated in the second quarter of 2006.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified. Staff has reviewed information obtained from the City and County of San Francisco's community outreach efforts, and has identified what we understand to be major concerns to the community. We will also be conducting scoping sessions with representatives of local community groups the week of June 9th to further understand community concerns.

This report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns, but serves as an early scoping of potential issues. The identification of the potential issues contained in this report was based on staff judgement of whether any of the following circumstances might occur:

- Significant impacts resulting from the project which may be difficult to mitigate;
- Non-compliance with applicable laws, ordinances, regulations, or standards (LORS);
- Conflicts arising between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay to the schedule.

The following table lists all the subject areas evaluated and notes those areas where the potentially major issues have been identified and if data requests have been requested. Even though an area is identified as having no potential major issues in this report, it does not mean that an issue will not arise related to the subject area.

MAJOR ISSUE	Data Request	Subject Area
Yes	Yes	Air Quality
Yes	Yes	Alternatives
No	No	Biological Resources
Yes	Yes	Cultural Resources
No	No	Facility Design
No	Yes	Geology / Paleontology Resources
Yes	Yes	Hazardous Materials Management
Yes	Yes	Land Use
Yes	Yes	Noise
Yes	Yes	Public Health
No	Yes	Reliability / Efficiency
Yes	No	Environmental Justice
No	Yes	Soil & Water Resources
No	Yes	Traffic & Transportation
No	No	Transmission Line Safety & Nuisance
Yes	Yes	Transmission System Engineering
No	Yes	Visual Resources
No	Yes	Waste Management

TECHNICAL ISSUES

Staff has begun its analyses of the project, as well as its assessment of related environmental and engineering aspects of the applicant's proposal and is currently in the discovery and analysis phase. Potential major issues have been identified in Air Quality, Cultural Resources, Hazardous Materials Management, Land Use, Noise, Public Health, Environmental Justice, Project Need (Transmission System Engineering), and Alternatives. These major issues are summarized as follows.

AIR QUALITY

Monitoring of air quality: The community has expressed concerns on the dispatch hours and the appropriate location for taking monitoring samples. Staff will coordinate with the community and the Bay Area Air Quality Management District (BAAQMD) to develop an air quality monitoring strategy that most accurately reflects the existing air quality setting and the potential air quality impacts of the SFERP.

Cumulative Air Quality Impact Analysis: The community is concerned about the cumulative air impacts of the project. The Staff Assessment will address this concern by preparing a cumulative air quality impact analysis that addresses the existing air quality setting, plus the increased impact to air quality associated with the SFERP, plus the impacts of the Hunter's Point project (if Hunters Point is not closed).

Construction's PM₁₀ and PM_{2.5} Modeling Results: Air quality modeling predicts that the impacts for PM₁₀ and PM_{2.5} would be greatest along the fence line of the facility. Since the public has access up to the property fence, additional mitigation beyond those proposed in the AFC may be required to mitigate these impacts.

CULTURAL RESOURCES

Historic building preservation: There are two structures on the project site that meet the eligibility requirements for the California Register of Historical Resources (CRHR). During the Potrero Power Plant Unit 7 case, the applicant testified that the buildings were individually eligible for the CRHR (July 22, 2002, pp. 29, 30). Staff testified that they agreed with the recommendation (July 22, 2002 pp. 296 – 298). The City and County of San Francisco provided testimony that the Meter House and the Compressor House are individually eligible for the CRHR (July 23, 2002, p. 28).

The AFC states that one structure would be demolished and the other (the Meter House), would be rehabilitated for use as an administrative and control building. The reuse and rehabilitation of the Meter House would reduce the impact to this building to less than significant if the rehabilitation is consistent with the Secretary of Interiors Standards. However, the rehabilitation and reuse of the Meter House is not mitigation for the demolition of the Compressor House since it is individually eligible for the CRHR. Demolition of the Compressor House would be a significant impact that could not be mitigated to less than significant.

HAZARDOUS MATERIALS MANAGEMENT

Hazardous Material Transportation: The community is concerned about the impact of increased hazardous materials in their neighborhood; specifically, the impacts from the transportation of aqueous ammonia. Staff will assess potential impacts and explore measures to mitigate any significant and adverse impacts.

Treated Wastewater: Using treated wastewater for cooling the SFERP has been raised as a local public health concern. The Staff Assessment will address this potential impact, as well as analyze whether there would be any secondary impacts to the community near the Southeast Wastewater Treatment Plant.

LAND USE

Conflicts may result between new housing proposed in community plans (i.e., Draft Central Waterfront Neighborhood Plan, Dog Patch Community Plan, and the Potrero Neighborhood Plan) and the expansion of long established industrial uses, such as power plants. Current and draft land use plans encourage new residential development as well as other industrial uses such as the cruise ship dry dock facility. Therefore, staff will analyze conflicts between existing residential and industrial uses and proposed new developments in the area of the proposed power plant.

NOISE

The project would increase noise levels in the project area. Staff Assessment will evaluate existing and proposed land uses in the project area and determine if there are potential significant impacts to sensitive receptors.

PUBLIC HEALTH

Public health impacts from air pollution generated by power plants are a major concern to the surrounding community. The Staff Assessment will assess this potential public health impact, including identification of any studies conducted on public health impacts

in the region (asthma, leukemia, breast cancer), to identify existing patterns, and help identify potential impacts of the project on public health.

Concerns have been expressed by members of the community that the potential air quality impacts from the SFERP could exacerbate known health problems, including asthma rates in children. Specific mitigation measures have been requested by the community to address impacts to air quality with a program that is implemented locally.

ENVIRONMENTAL JUSTICE

Staff has determined that the minority population within six-miles of the proposed project site is greater than 50 percent; therefore, staff will consider environmental justice in the Staff Assessment. The Energy Commission's functionally-equivalent CEQA process for power plant siting includes extensive public outreach and opportunities for public participation, a thorough analysis of direct, indirect and cumulative impacts and identification of appropriate local mitigation in multiple technical disciplines.

PROJECT NEED

The community has questioned whether the project is really needed in San Francisco. Staff will complete a transmission engineering analysis of the site to determine the "local transmission system affects" of placing the power plant at the Potrero site. Staff will coordinate its review with the Cal-ISO.

Closure of Hunters Point Power Plant is a project objective of the City and County of San Francisco as well as a goal of many citizens. Although it is highly unlikely that the Commission could condition the approval of the SFERP on the closure of the Hunters Point Power Plant, staff will coordinate with the Cal-ISO and PG&E for a thorough understanding of what generation units and/or infrastructure improvements must be available before Hunters Point could be closed.

ALTERNATIVES

Staff will assess the proposed project's impacts to determine their significance and identify ways to avoid or mitigate the significant adverse impacts. Staff will also analyze a reasonable range of alternative sites and technologies that are capable of meeting most of the basic objectives of the project, and would reduce or avoid any significant adverse impacts. We expect to review a range of site alternatives (such as the San Francisco Airport site), transmission system expansion as an alternative, alternative technologies, Mirant's Potrero Unit 7 project in lieu of SFERP, and the no project alternative.

Staff's analysis will consider the relative merits of the alternatives. If an alternative site is found that is preferable to the proposed site for lack of impacts, it is important to note that the Energy Commission lacks the authority to require the project be built at the alternative site. A feasible alternative, however, could be an important factor in the Commission's decision on whether to reject or approve the proposed project.

SCHEDULING ISSUES

The following is staff's proposed schedule for key events. The ability of staff to be expeditious in meeting this schedule will depend on the applicant's timely response to staff's data requests, timely responses/decisions from local/state/federal agencies, and the complexity of the issues.

Energy Commission Staff's Proposed Schedule

	Activity	Days	Calendar Day
1	Applicant filed Application for Certification (AFC)		March 18, 2004
2	Decision on data adequacy at business meeting	0	April 21, 2001
3	Staff filed Data Request	44	June 4, 2004
4	Staff files Issue Identification Report	44	June 4, 2004
5	Information hearing, site visit	55	June 15, 2004
6	Data Response Filed	76	July 6, 2004
7	Data response and issue resolution workshop	96	July 26, 2004
8	Local, state, and federal agency draft determinations (e.g. PDOC)	120	August 19, 2004
9	Preliminary Staff Assessment filed	151	September 20, 2004
10	Preliminary Staff Assessment workshop	180	October 19, 2004
11	Local, state, and federal agency final determinations (e.g., FDOC, bio opinion)	180	October 19, 2004
12	Final Staff Assessment	211	November 19, 2004
13	Evidentiary hearings	221 - 242	November 29, 2004 - December 20, 2004
14	Committee files proposed decision	305	February 21, 2005
15	Hearing on proposed decision	320	March 8, 2005
16	Committee files revised proposed decision	350	April 7, 2005
17	Commission Decision	365	April 22, 2005